



Audit Policy Update

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GTE CORRECTS 600 VIOLATIONS THROUGH EPA'S SELF-DISCLOSURE POLICY

In the biggest settlement reached under the EPA's Audit Policy, EPA and GTE Corporation have come to an agreement that recognizes GTE's cooperation in disclosing and resolving 600 violations at 314 GTE facilities in 21 states.

The violations occurred under the Emergency Planning and Community Right to Know Act (EPCRA) and the Spill Prevention Countermeasure and Control (SPCC) requirements of the Clean Water Act (CWA).

The settlement represents the largest number of sites addressed in a single settlement using the Agency's self-disclosure policy, which became effective January 1996. The settlement also demonstrates the policy's broad

scope in promoting compliance at facilities nationwide.

"GTE is very pleased to have resolved these violations detected during an internal review of the company's operations. The Policy is straightforward, easy to comprehend and it reinforces for the industry the advantage of self-policing."

Sheila Harvey

Shaw, Pittman, Potts & Trowbridge

GTE disclosed 511 violations of EPCRA (failure to notify state agencies and local fire departments of sulfuric acid filled batteries at 229 GTE telecommunications sites across the country) and

89 violations of the CWA (failure to develop required SPCC plans for diesel fuel stored at the facilities). SPCC plans are required to help prevent or mitigate spills and keep hazardous chemicals from polluting streams, rivers and other bodies of water.

The settlement requires the company to pay a \$52,264 penalty, equal to the amount of money saved by the company during its period of noncompliance. Of this amount, \$16,708 is attributable to the CWA violations and \$35,556 is for the EPCRA violations. In light of GTE's outstanding cooperation in voluntarily disclosing and promptly correcting, the Agency, pursuant to the Audit Policy, waived another \$2.38 million in potential penalties.

SENATE HEARS TESTIMONY ON EPA's AUDIT POLICY

Steve Herman, EPA's Assistant Administrator for Enforcement and Compliance Assurance, testified before the Senate's Committee on Environment and Public Works along with industry, state, and public interest group representatives Oct. 30.

The testimony focused on EPA's progress in implementing its Audit Policy and whether federal legislation establishing audit privileges and/or immunities is desirable or necessary.

In his testimony, Mr. Herman reiterated EPA's longstanding opposition to such secrecy and amnesty legislation, and noted that EPA's Audit Policy is working extremely well in encouraging audits, disclosures, and correction of violations. Herman mentioned the GTE settlement involving correction of 600 violations at 314 facilities, and the disclosures involving other companies, as evidence of this success.

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FROM THE ASSISTANT ADMINISTRATOR

EPA has opened the door for responsible companies working to stay in compliance with our environmental laws. Our Audit Policy slashes, and in some cases eliminates, penalties for those who voluntarily discover, promptly disclose and expeditiously correct violations, offering powerful incentives for the regulated community to comply. In addition to success under the Audit Policy, we have had good results in targeting specific requirements and offering one-time opportunities to report and correct violations in exchange for greatly reduced penalties.

As of March 1, 247 companies have disclosed environmental violations under EPA's Audit Policy at more than 760 facilities nationally, and EPA has reduced or waived penalties under the policy for 89 companies at 433 facilities. Under our penalty cap initiatives, 89 companies took advantage of EPA's one-time offer and submitted 11,000 previously unsubmitted chemical risk studies to the Agency for review—more studies in this one TSCA 8(e) initiative than the total number of studies submitted to EPA since 1978.

Also in this issue, we report that 170 companies in the food manufacturing and processing industry submitted important information to the Agency and state and local emergency response personnel concerning hazardous chemicals stored onsite. As a result of this time-limited offer by EPA, we have obtained information that local communities need to effectively develop and implement emergency response plans for hazardous spills or releases, and enhance community awareness of the chemical hazards within the local area.

Our results show that companies do not need secrecy or blanket immunity to meet their obligation to comply with our environmental laws. They do, however, respond well to fair and predictable incentives for voluntary compliance. Through our Audit Policy and penalty cap programs, we will continue to keep the door open for companies that want to walk through it.

Steven A. Herman
Assistant Administrator for
Enforcement & Compliance Assurance

EPA OFFERS SELF-AUDIT INCENTIVES TO STEEL 'MINI-MILLS'

Early in fiscal year 1997, EPA's Region 5 office in Chicago encouraged approximately two dozen small steel mills ("mini-mills") in the Midwest to conduct self-audits and disclose potential environmental violations. Instead of conducting immediate inspections in this industry sector, EPA educated the regulated community on the applicable legal requirements and offered the mills an opportunity to take advantage of the Audit Policy before inspections planned for later in the fiscal year. Approximately half of the mini-mills conducted self-audits and several disclosed violations. EPA now has inspected most of the facilities that did not conduct a self-audit.

**For further information, contact
Denny Dart at (312) 886-1426.**

SENATE FROM PAGE 1

Even among the industry witnesses who testified in favor of federal privilege and immunity legislation, the Committee heard praise for EPA's Audit Policy. Paul Wallach, a lawyer representing the National Association of Manufacturers (NAM) and the Corporate Environmental Enforcement Counsel (CEEC), remarked that EPA should be commended "for issuing its Audit Policy and for improving and clarifying the availability of penalty mitigation for responsible entities." At the hearing, Wallach also told the Committee that EPA was doing a good job implementing its policy. When asked by the Senate Committee if there were any examples of EPA unfairly or poorly implementing its Audit Policy, Mr. Wallach and the other panelists identified none.

According to Mr. Wallach, NAM's more than 14,000 member companies and subsidiaries, which include approximately 10,000 small manufacturers, are located in every state, industrial sector and produce approximately 85 percent of the goods manufactured in the United States. CEEC is an organization of 22 diverse major companies, including numerous well-known Fortune 100 companies.

Full copies of the written testimony submitted by Steve Herman, Paul Wallach and the other witnesses are available on the Internet at:

<http://www.senate.gov/~epw/stmts.htm>

Voluntary Disclosure Board Established for Disclosures Involving Potential Criminal Violations

On Oct. 1, 1997, the Office of Criminal Enforcement, Forensics, and Training (OCEFT) issued a guidance entitled: "Implementation of the EPA's Self-Policing Policy for Disclosures Involving Potential Criminal Violations."

This guidance establishes a Voluntary Disclosure Board (VDB) at OCEFT Headquarters in Washington, D.C., to ensure that all disclosures submitted to the Agency under the Self-Policing Policy involving potential criminal violations are considered and administered in a consistent and fair manner nationally, whether the initial disclosure is made to EPA regional offices, Headquarters or one of OCEFT's 40 field offices of the Criminal Investigation Division (CID).

The VDB or Board is comprised of OCEFT senior officials, as well as a member from the Environmental Crimes Section of the Department of Justice. The VDB docket, monitors, and reviews all requests for treatment under the policy. Following review of the disclosure and the results of the criminal investigation, the Board will determine whether the relevant conditions of the policy have been satisfied and

make a recommendation to the OCEFT director, who serves as the deciding official. The Director will decide if the agency should recommend whether the disclosing entity not be prosecuted. The final decision to accept the recommendation in criminal cases exclusively resides with the prosecuting authority in its independent exercise of prosecutorial discretion.

The guidance further clarifies the conditions that are expected to be met by a disclosing entity in the criminal enforcement context, including the terms of cooperation with any government investigation and steps to assure correction, remediation and prevention of recurrence. The Board's oversight will ensure that a criminal investigation initiated as a result of a disclosure has sufficient facts to support or oppose a recommendation that relief under the policy be granted.

**For further information contact
Michael Penders, OCEFT, (202) 564-2480.**

Food Products Industry Gets Reduced Penalties For Disclosing Chemical Inventory Violations

Federal, state and local agencies are now better prepared to handle emergencies, thanks to information about hazardous chemical inventories that nearly 200 food companies provided in response to a special EPA initiative.

Through this initiative, the companies submitted previously required information about stored hazardous chemicals in response to a time-limited offer by EPA to reduce penalties for violations of the reporting requirements in the Emergency Planning and Community Right to Know Act (EPCRA). As of Feb. 1, 170 companies have submitted hazardous chemical data and paid individual fines of \$2,000 (totaling \$340,000), which is significantly less than they would have paid.

The EPCRA hazardous chemical inventory report is due annually on March 1 to state emergency response commissions, local emergency planning committees and local fire departments. Data on hazardous chemical inventories provided by facilities are crucial for local communities to develop and implement emergency response plans effectively for hazardous spills or releases and to enhance community awareness of the chemical hazards within the local area.

The food products sector was chosen because of the large number of facilities that store regulated quantities of hazardous chemicals, including ammonia, chlorine, and sulfuric and nitric acids. EPA first conducted com-

pliance assistance, followed by this initiative for failure to submit hazardous chemical inventory information.

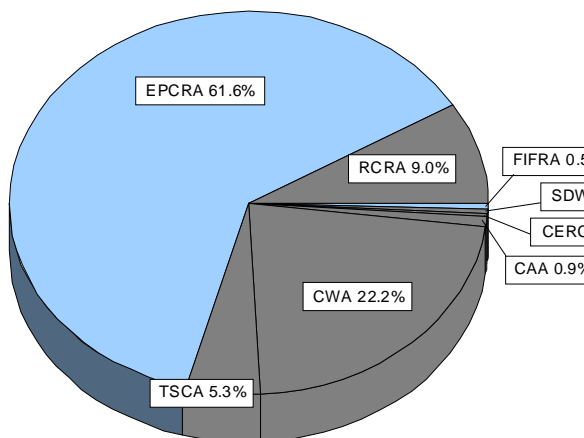
This initiative is now concluded and the sector enforcement agreement is no longer available. EPA has established the EPCRA Hotline (1-800-424-9346) to provide free technical assistance to facilities.

**For further information, contact
Dean Ziegel at (202) 564-4038 or
Beth Burchard at (202) 564-4117.**

COMPANIES GRANTED AUDIT POLICY RELIEF

Acadia Polymers, Irongate, VA	CENEX, Denver, CO
Ademco, El Paso, TX	CENEX, Inver Grove Heights, MN
Alliant Techsystems, Inc., Toone, TN	CENEX, Rhame, ND
ALCOA Fujikura Ltd., El Paso, TX	Chevron Chemical Company, San Ramon, CA
Alyeska Pipeline, Prudhoe Bay, AK (2 facilities)	Citiplate, Inc., Jackson, TN
Armstrong World Industries, Hilliard, OH	Clearwater Co., Pittsburgh, PA
ATK North America, Arlington, TX	Coilcraft, Inc., El Paso, TX
ARCO - Kuparuk Oil Field, Prudhoe Bay, AK	Cook Composites & Polymers, N. Kansas City, MO
ARCO - Prudhoe Bay Oil Field, Prudhoe Bay, AK	Cook Inlet Pipe Line Co., Drift River, AK
Austin Sculpture, Pharr, TX	DeKalb Genetics Corp, DeKalb, IL.
Auto Trim, Inc., Brownsville, TX	Emerson Electric Co., Paragould, AR
Baldwin Piano & Organ, Trumann,	EPSON Portland, Inc., Hillsboro, OR
Bortec Industrial Inc., El Paso, TX	Fiber Resin Corp. (H.B. Fuller), Chatsworth, CA
BP Exploration - Duck Island Endicott, Endicott Island, AK	Foster Products Corp. (H.B. Fuller), Houston, TX
BP Exploration - Milne Point Unit, Milne Point, AK	Frederick Manufacturing Corp., Kansas City, MO
BP Exploration - Sourdough Exploration, Sourdough, AK	General Electric Corp., Waterford, NY
BP Exploration - Western Oper. Unit, Prudhoe Bay, AK	Gobar Systems, Inc., Brownsville, TX
BP Exploration & Oil, Inc., Houston, TX	Goulston Technologies, Inc., Monroe, NC
BP Exploration & Oil, Inc., Port Angeles, WA	GTE Corporation, Stamford, CT (314 facilities in 21 States)
Burlington Northern Santa Fe, 4028 Deen Rd., Fort Worth, TX	Hasbro, Inc., El Paso, TX
Burlington Northern Santa Fe, 4200 Deen Rd., Fort Worth, TX	H.B. Fuller Company, Warren, MI
Burlington Northern Santa Fe, Silsbee, TX	H.B. Fuller Company, Wilmington, MA
Burlington Northern Santa Fe, Brownwood, TX	H.B. Fuller Automotive Products, Dayton, OH
Burlington Northern Santa Fe, Temple, TX	H.B. Fuller R&D Pilot Facility, Vadnais Heights, MN
Burlington Northern Santa Fe, Somerville, TX	Invacare, Inc., McAllen, TX
Burlington Northern Santa Fe, Amarillo, TX	ITT Automotive, Laredo, TX
California Cooperative Creamery, Petaluma, CA	Kaneka Texas Corp., Pasadena, TX
Carolina Power & Light, New Hill, NC	Kennecott Greens Creek Mining Co., Admiralty Island, AK
CENEX, Laurel, MT	Kingsford Products, Inc., Louisville, KY

Audit Settlements by Statute



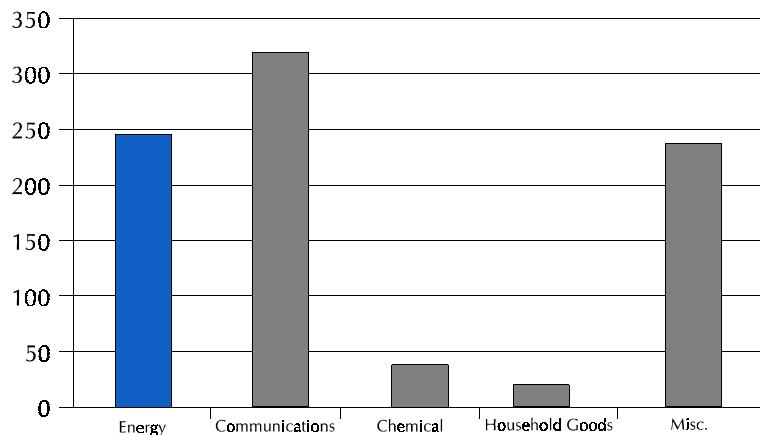
■ Percentages reflect the number of facilities settling under the policy.

COMPANIES GRANTED AUDIT POLICY RELIEF

Kinross Mining Company, Silver City, ID
 Koch Refining Co., Corpus Christi, TX
 Lambda Electronics, Inc., McAllen, TX
 Lane Supply, Inc., Arlington, TX
 Magnetek, Inc., Brownsville, TX
 Metromedia Technologies, Inc., Los Angeles, CA
 Microfoam Corp., Utica, NY
 Midwestern Machinery, Minneapolis, MN
 Mikron Industries, Inc., Kent, WA
 Milliken & Company, Spartanburg, SC
 Minolta Co., Ramsey, NJ
 Mozel, Inc., St. Louis, MO
 NCI Building Systems, Chester, SC
 Norton Company, Stephenville, TX
 Occidental Chemical Co., Pasadena, TX
 Olin Corporation, East Alton, IL
 O'Neill Industries, Philadelphia, PA
 Outboard Marine Corp., El Paso, TX
 Owens Corning, Amarillo, TX
 Ozark-Mahoning Co., Tulsa, OK
 Paramount Packaging Co., Longview, TX
 Pete's Refrigeration, Bluefield, WV
 Pfizer, Inc., Lincoln, NE
 Randall Manufacturing, Inc., Weidman, MI
 Raychem Corp., Fuquay-Verina, NC
 Reliable Pharmaceutical Corp., Overland, MO
 Sampson Coatings, Richmond, VA
 Shure Brothers, Inc., El Paso, TX
 Siemens Electromechanical Co., El Paso, TX
 Signet Graphics, St. Louis, MO
 Simplot Dairy Products, Nampa, ID

Solomon Corporation, Solomon, KS
 Stepan Company, Millsdale, IL
 Sunbeam-Oster Co., Bay Springs, MS
 Sunbeam-Oster Co., Coushatta, LA
 Sunbeam-Oster Co., Hattiesburg, MS
 Sunbeam-Oster Co., McMinnville, TN
 Sunbeam-Oster Co., Neosho, MO (2 facilities)
 Sunbeam-Oster Co., Shubata, MS
 Sunbeam-Oster Co., Waynesboro, MS
 Teccor Electronics, Inc., Brownsville, TX
 Thomson Saginaw Ball Screw, Saginaw, MI
 Transportation Electronics, El Paso, TX
 TRW Vehicle Safety Systems, McAllen, TX
 TRW Automotive Products Remfg., McAllen, TX
 Union Carbide Corp., Garland, TX
 Union Carbide Corp., Hahnville, LA
 Union Carbide Corp., Seadrift Plant, TX
 Union Carbide Corp., Texas City, TX (Main Plant) - #1
 Union Carbide Corp., Texas City, TX (Main Plant) - #2
 Union Carbide Corp., Texas City, TX (Marine Terminal)
 Union Pacific Resources, Carthage, TX
 University of Iowa, Iowa City, IA
 Unocal Corp., Cook Inlet, AK
 Vastar Resources, Inc., La Plata County, CO
 Victoreen, Brownsville, TX
 V-S Precision, El Paso, TX
 Web Inks Ltd., Kennesaw, GA
 Wells Manufacturing Co., McAllen, TX
 Witco Corporation, Olathe, KS
 Zeneca, Inc., Wilmington, DE

Facilities Disclosing Violations



Audit Policy Update

Documents concerning the development of the Audit Policy, settlements under the policy, and additional copies of this Update, can be obtained by contacting the Audit Policy Docket located in Room 4033 of the Ariel Rios Building (1200 Pennsylvania Avenue, N.W., Washington, D.C.), by calling (202) 564-2119 or (202) 564-2614, or by Faxing requests to (202) 501-1011.

EPA's Small Business Policy Promotes Compliance Assistance and Auditing

EPA's Small Business Policy promotes environmental compliance by providing incentives, such as penalty waivers and penalty mitigation, to those small businesses that participate in onsite compliance assistance programs or conduct environmental audits to discover, disclose and correct violations.

A small business may be eligible under the Agency's "Policy on Compliance Incentives For Small Businesses" to have all potential penalties for non-compliance waived if the companies agree to come into compliance and meet other criteria.

The Small Business Policy:

- allows small businesses to get anonymous government-sponsored compliance assistance and still get penalty reductions or waivers if they disclose and correct their violations; and
- provides an extended compliance period for small businesses that employ pollution prevention methods to correct their violations.

Onsite compliance assistance includes information or assistance provided by EPA, a state or another government agency or government-sup-

ported organization during a visit to the facility to help the business comply with environmental requirements. States and EPA Regions may conduct compliance assistance visits or, through their compliance assistance programs, can identify other governmental organizations that provide onsite compliance assistance.

To Whom Does the Policy Apply?

The policy applies to a person, corporation, partnership, or other organization that employs 100 or fewer individuals. EPA will eliminate its penalty against the small business if:

- the business receives onsite compliance assistance or conducts an environmental audit;
- the business identifies the violation(s) through the assistance or audit, and discloses it within 10 days (or such shorter period provided by law) to the appropriate government agencies;
- it is the first violation of the requirement in a three-year period and no environmental enforcement actions against the business have been taken in the last five years;
- the violation is corrected within

180 days after detection of the violation (or 360 days if pollution prevention is employed); and

- the violation has not caused actual serious harm, and does not pose a potentially imminent and substantial endangerment to the public or environment, does not involve criminal conduct, and did not result in a significant economic benefit (which EPA anticipates will occur infrequently).

EPA is marketing this easy-to-understand policy in a number of small business industry sectors, including dry cleaners and owners or operators of solvent cleaning machines that use particular halogenated solvents (degreasers). Other small businesses to which this policy may apply include, but are not limited to, industrial organic chemical manufacturers, the chemical preparations industry, construction, automotive service and repair shops, landowners/farmers, privately-owned drinking water systems, electroplaters, small quantity generators and fuel blenders.

For further information on the policy contact Karin Leff at (202) 564-7068.

11,000 Risk Studies Submitted to EPA Under Compliance Audit Program (CAP)

Eighty nine companies voluntarily reported possible violations to EPA in return for reduced civil penalties under the TSCA 8(e) CAP initiative.

TSCA 8(e) requires chemical manufacturers to inform EPA of any information about mixtures or substances that may present "a substantial risk of injury to health or the environment." One hundred and twenty-three companies undertook internal environmental audits under the initiative; 34 reported no 8(e) violations.

The remaining 89 participating companies submitted 11,000 stud-

ies to the Agency for review. These previously unsubmitted studies more than total the number of studies submitted to the EPA since 1978.

The information provided in these studies is important because it provides EPA the information it needs to limit or prohibit the use of chemicals that pose an unreasonable risk to health or the environment. EPA continues to evaluate the studies and is reviewing companies with similar processes to determine if they should be submitting 8(e) studies.

For further information, contact Mark Garvey at (202) 564-4168.

INFORMATION CORNER

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WHOM TO CALL FOR AUDIT POLICY RELIEF

Regulated entities that wish to take advantage of the Policy should fax or send a written disclosure to the appropriate EPA contacts listed below. Note that the written disclosure must be made within 10 days of the violation's discovery:

EPA Office	States	Contact	Phone #	FAX #
Region 1	(CT,ME,MA,NH,RI,VT)	Suzanne Parent	(617) 565-3351	(617) 565-1141
Region 2	(NJ,NY,PR,VI)	John Wilk	(212) 637-3918	(212) 637-4035
Region 3	(DE,DC,MD,PA,VA,WV)	Samantha Fairchild	(215) 566-2999	(215) 566-2905
Region 4	(AL,FL,GA,KY,MS,NC,SC,TN)	Bill Anderson	(404) 562-9655	(404) 562-9663
Region 5	(IL,IN,MI,MN,OH,WI)	Tinka Hyde	(312) 886-9296	(312) 353-1120
Region 6	(AR,LA,NM,OK,TX)	Barbara Greenfield	(214) 665-2210	(214) 665-7446
Region 7	(IA,KS,MO,NE)	Becky Dolph	(913) 551-7281	(913) 551-7925
Region 8	(CO,MT,ND,SD,UT,WY)	Michael Risner	(303) 312-6890	(303) 312-6953
Region 9	(AZ,CA,HI,NV)	Leslie Guinan	(415) 744-1339	(415) 744-1041
Region 10	(AK,ID,OR,WA)	Jackson Fox	(303) 312-1073	(303) 312-0163
HQ-Criminal Enf.	All potential criminal violations	Roy Kime	(202) 564-2539	(202) 501-0599
HQ-Multimedia Enf.	Civil violations of >1 EPA Statute in >1 EPA Region	Melissa Marshall	(202) 564-6002	(202) 564-9001
HQ-Quick Response Team	Civil violations in >1 EPA Region but under only one EPA statute	Gary Jonesi	(202) 564-4002	(202) 564-0011



WEBSITE INFO

EPA HOMEPAGE

<http://www.epa.gov>

OECA HOMEPAGE

<http://es.epa.gov/oeca>

OECA POLICY & GUIDANCE

<http://es.epa.gov/oeca/polguid0.html>

AUDIT POLICY INTERPRETIVE GUIDANCE

<http://es.epa.gov/oeca/auditpol.html>

AUDIT POLICY

<http://es.epa.gov/oeca/apolguid.html>

SMALL BUSINESS POLICY

<http://es.epa.gov/oeca/smbusi.html>

AUDIT GUIDANCE FOR CRIMINAL VIOLATIONS

<http://es.epa.gov/oceft>

Audit Policy QRT

The Audit Policy "Quick Response Team" was developed to ensure that determinations for eligibility under the Audit Policy are quick, fair and consistent nationally. The QRT assists EPA regional offices, the Department of Justice and the public by interpreting the policy's applicability, particularly in cases of first impression. The QRT is made up of senior staff from EPA Headquarters, Regions and the Department of Justice. The Audit QRT Chair is Gary Jonesi (202-564-4002).

We need your help!

To ensure that this newsletter reaches the right members of your organization, please take time to fill out the information below and fax this page to Virginia Bueno, editor at (202) 501-9001 or email the information to bueno.virginia@epamail.epa.gov. Duplicate this form if necessary.

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The Audit Policy Update is published periodically for the Assistant Administrator for Enforcement and Compliance Assurance by its Office of Regulatory Enforcement. The Update is intended to provide information to the public and regulated communities regarding developments under the EPA Audit Policy. Editor: Virginia Bueno, (202) 564-8684. Email: bueno.virginia@epamail.epa.gov. Graphic Artist: Sarah Weaver, weaver.sarah@epamail.epa.gov.



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